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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: INTEGRATION OF THE ECONOMIES IN TRANSITION INTO THE WORLD ECONOMY

Report of the Secretary-General

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I. INTRODUCTION

1. The General Assembly, in its resolution 49/106 of 19 December 1994, requested the Secretary-General to submit a report on the implementation of the present resolution to the General Assembly at its fifty-first session. In that resolution, the Assembly took note, inter alia, of the relevant decisions of the Economic Commission for Europe (ECE), decisions B (49) and C (49) of 26 April 1994 and the relevant resolutions of the Economic and Social Commission for Asia and the Pacific (ESCAP), 50/1 and 50/2 of 13 April 1994.

2. In resolution 49/106, the Assembly called upon the United Nations system to continue studying possible ways of enhancing economic and technical cooperation among countries with economies in transition, as well as with developing countries, identifying how the United Nations system could strengthen cooperation while avoiding duplication, with a view to encouraging greater participation by those countries in the world economy. The United Nations system was also invited to continue its support for the efforts of economies in transition as they transformed their economies and integrate them into the world economy through, inter alia, adoption of the international standards and practices of countries with market economies.

3. The Secretary-General was also requested to submit a report on the same subject in response to General Assembly resolution 48/181 of 21 December 1993.

4. The present report provides information on the overall setting in economies in transition, considering expectations and outcomes in the transition process. Despite the severe problems affecting these economies, the analysis shows that there has been a marked improvement in macroeconomic performance in the last two years. Encouraging foreign trade developments, although with difficulties in maintaining balance in the external accounts, would prove to be a further step towards the integration of the economies in transition into the world economy.

5. With regard to technical cooperation involving the economies in transition and developing countries, the report focuses on the work of the two regional commissions, ECE and ESCAP, that widely provide assistance for the transition process. The report pays particular attention to the cooperation with relevant subregional groupings, international institutions and other organizations. Contributions from agencies and organizations are also summarized to provide information on their role in assisting the economies in transition during their transformation and integration into the European and world economy.

6. The transformation of the eastern European economies from a centrally planned to a market-based system has proved considerably more difficult than had initially been expected. In the past two years, however, their economic performance has been increasingly positive, although considerable differences remain between them. Aggregate output in eastern Europe began to rise in 1994, increasing to an average rate of nearly 6 per cent in 1995. Recovery has been more moderate and hesitant in the Baltic States; but in the Russian Federation and most other members of the Commonwealth of Independent States (CIS), the "transition depression" of output continued in 1995.

7. The Governments of countries in transition have made considerable progress in establishing new market institutions and in integrating their economies into the global economy, although their foreign trade expanded steadily in 1994-1995, and it has become more geographically diversified. Over half of the trade of eastern Europe and the Russian Federation is now carried out with the developed market economies, and the European Union has become the main trading partner for all countries in transition. The increasing integration of these countries into international financial markets has been reflected in improving credit ratings, record borrowing in 1995 and more favourable terms. International links have been further strengthened by inflows of foreign investment, which also reached an all-time high in 1995. Many economies in transition, however, remain dependent on official development finance.

II. OVERALL SETTING OF THE TRANSITION PROCESS

A. The transition process: expectations and outcomes

8. It is instructive to recall the expectations that prevailed at the start of the transition process in 1989-1990 and to remember the difference between those held by the population at large and those of the political and economic elite.

9. The initial reform programmes consisted of varying combinations of stabilization measures, institutional reforms and structural policies, including privatization. Monetary and fiscal restraint was aimed at reducing inflation, restoring financial equilibrium, and setting the stage for a stable macroeconomic environment. Liberalization of the external sector would help to establish correct relative prices and impose a measure of competition on the domestic market. Resources were expected to flow from loss-making firms into new, profitable activities, which would be undertaken and managed chiefly by newly emerging private entrepreneurs. The overall level of social welfare would rise, even though there would also be some "losers", especially in the sectors which had enjoyed exceptional privileges under central planning, namely, heavy engineering, metallurgy, mining and the bureaucracy. However, the adjustment costs were expected to remain relatively limited, partly because of substantial foreign direct investments which were expected to be attracted into the economies in transition by low manpower costs and untapped markets.

10. It was clear, at least for most policy makers, that the creation of an efficient market system would take years. But it was also assumed that at least some of the benefits would materialize fairly quickly, especially the elimination of shortages, improved access to goods and services, and the liberalization of business activities. Although most reformist Governments did not set precise dates, they expected economic growth to resume after a relatively short adjustment period, perhaps within a year or two. 1/

11. Popular expectations, on the other hand, were much more unrealistic. There was a widely held assumption that the substitution of a market-based economy for a centrally planned economy would be a rather simple exercise, and that the shift would bring about a substantial and rapid improvement in the long-depressed standards of living of the eastern European populations.

12. The reality proved to be much harsher than either set of expectations. Recession and unemployment hit all the countries in the region. When the expected improvement was not forthcoming quickly, the reformist Governments were accused of incompetence, wrongdoing and corruption. It was difficult for many people to understand why the transition was such a painful experience. The reform spread, manifesting itself in frequent changes of government and in a shift of political support in favour of opposition, sometimes populist, parties.

13. It cannot be denied, however, that the eastern European countries have come a long way since they started their transition to a market-based economy six years ago. Democratic and pluralistic political systems have been established; central planning and State controls have been dismantled: prices have been liberalized, most eastern European currencies are convertible, and consumers and producers are essentially free to make decisions according to their preferences. Inflation has been greatly reduced and endemic shortages eliminated. A large part of output is now produced in the private sector, and domestic markets offer a large variety of goods and services, comparable with that in western European countries. According to official national statistics, the non-State sector's share in gross domestic product (GDP) already exceeds 50 per cent in most of eastern Europe, an indicator of the considerable change since 1989, when the share was generally less than 5 per cent (except in Poland, where it was around 30 per cent, largely because of private agriculture). Although these statistics must be treated with some caution, the radical change in the ownership structure is clearly evident.

14. The Governments of countries in transition have also made considerable progress in integrating their economies into the global market economy: most of their foreign trade is now conducted with developed market economies at international prices and in convertible currencies, and their international links have been further strengthened by inflows of foreign direct and portfolio investment. Most of the countries in transition have made progress in adopting international business practices, standards and norms, in many cases with the support of United Nations programmes. Many new market institutions have been established and developed, such as stock exchanges, monetary and credit instruments, anti-monopoly regulations, and bankruptcy legislation.

15. Many of the essential foundations of a market economy are now in place in many of the economies in transition. But there are still many missing or fragile institutions, and economic restructuring still has to be pursued in most countries in transition. Despite the growth of the private sector, privatization of large State-owned enterprises has proceeded slowly; and where privatization has progressed rapidly, through voucher schemes, for example, effective governance and inflows of new investment are often lacking.

16. Another major obstacle to the reform process is the weakness of the banks and other financial institutions. The widespread failure to reform the financial sector at the start of the transition has had a number of effects, not the least of which is the accumulation of bad loans by the commercial banks, which limits their capacity to finance the enterprise sector. Financial restructuring programmes, combined with a radical change in the incentives faced by the managers of banks and enterprises, are now priorities in most of these countries.

17. Some obstacles to the restructuring of State enterprises, the lack of funds for new investment and the rehabilitation of existing plants, and the problems involved in the large-scale reallocation of resources, could all hold back the reforms and contribute to high interest rates and inflation. The implications, actual or anticipated, of restructuring for the distribution of income and wealth are also a cause of some social consequences of the transition which could slow down the envisaged reforms.

B. The recent macroeconomic performance

18. Despite the continuing and severe problems, there has been a marked improvement in macroeconomic performance in the last two years. After falling, unexpectedly, by more than 20 per cent between 1989 and 1993, aggregate output in eastern Europe began to rise in 1994 and increased at an average rate of nearly 6 per cent in 1995, although intercountry differences are still wide (table 1). Recovery has been more moderate and hesitant in the Baltic States; but in the Russian Federation and most of the other members of CIS, the "transition depression" of output continued in 1995, although the fall in output has decelerated sharply (figures on countries with economies in transition are reported in tables 1-3).

19. Rates of inflation 2/ have fallen in virtually all the economies in transition and in eastern Europe at least five countries had reduced them to single digits by the end of 1995. Among the factors behind this development, rising output and productivity have played an important role in restraining the growth of unit labour costs. Nevertheless, annual inflation rates are still in the range of 25-40 per cent in a number of eastern European countries, and remain very much higher in most of the CIS countries.

20. Labour markets, however, have improved only slightly in eastern Europe and have continued to deteriorate in CIS. In eastern Europe, the strong recovery of output has slowed the rate of decline in employment and in a few countries it has started to rise. There has also been a slight fall in unemployment, although in most countries it was still between 9 and 18 per cent of the labour force at the end of 1995. Eastern European unemployment now shares a number of characteristics with that in western Europe, namely, a disproportionate number of young people out of work (26-46 per cent of the total unemployed) and growing numbers of long-term unemployed. In the CIS countries, employment has continued to fall and unemployment to rise, although unemployment rates are still relatively low compared with those in eastern Europe because of disguised unemployment, such as unpaid leave or part-time work.

21. Two features of the recovery in eastern Europe should be mentioned here. The first is that in the faster-growing countries fixed investment has begun to recover, in some cases quite strongly (the Czech Republic, Poland, Romania and Slovakia). This is a sign that confidence in at least the medium run is being restored and that key institutional reforms, as well as a reasonable degree of macroeconomic and political stability, are being attained. There are still many obstacles to sustaining a high growth of fixed investment, but the process is at least under way. In contrast to eastern Europe, fixed investment in the Russian Federation and most of the other CIS countries continued to fall in 1995.

22. The second notable feature of the recovery in eastern Europe is that it has been supported by rapid growth of trade with the western market economies, especially those of western Europe. The expansion of exports has contributed to the recovery of output. But in a dynamic sense, the more open trading relationships are supporting economic restructuring, not only through imports of capital and intermediate goods but also through greater participation in the international division of labour and transformation of specialization patterns.

III. INTEGRATION OF THE ECONOMIES IN TRANSITION INTO THE WORLD ECONOMY

23. The recent output recovery and further steps taken towards the integration of the economies in transition into the international trading system have been accompanied by encouraging foreign trade developments, despite the difficulties of maintaining balance in the external accounts. In the initial stages of the transition, exports from many of these countries surged in 1991-1992 but generally fell back in 1993, while imports fell in 1990-1991. More recently, both exports and imports have been growing.

24. In 1994-1995, there was a steady expansion of trade throughout the region (see table 2). 3/ There was a significant acceleration of growth in the eastern European countries, particularly of imports, with the exception of Hungary. The volume of eastern European exports is estimated to have risen by some 9-11 per cent in 1995, while imports rose by some 16-19 per cent. Faster growth of imports was also a common tendency in the foreign trade of the Baltic States and in the Russian Federation trade with CIS partners. In trade with the outside world, CIS exports have been growing faster than imports. The rapid growth of imports in 1995 led to a notable deterioration of trade balances in the eastern European and Baltic countries, their aggregate trade deficit reaching some US$ 20 billion. Trade deficits widened in most of the individual eastern European countries, with the exception of Hungary, 4/ where the deficit narrowed, and Bulgaria and Slovakia, where trade was in balance or showed a small surplus. The overall trade surplus of the CIS countries, including the Russian Federation, improved considerably in 1995 and amounted to US$ 34.1 billion.

25. The European Union is now the main trading partner for all the economies in transition. Both exports to and imports from EU have continued to grow, although the exports of some countries were affected by declining demand in western Europe in late 1994 and early 1995. EU accounts for some 58 per cent of eastern European exports and imports, Germany being the major partner, followed by Italy and Austria. For the Baltic States, almost half of their trade is with EU, while for the Russian Federation the share is about one third of total trade. Developed market economies account for some three quarters of the eastern European trade deficit, and virtually all of the Baltic States' deficit.

26. In 1992-1993, the expansion of eastern European exports and imports was mainly linked with the developed market economies, but in 1994-1995 their mutual trade increased at the same or even higher rates than trade with the developed countries. For the second successive year, intra-eastern European trade grew strongly among the six most advanced countries in transition, while Romania was

the only country in the region where there was a further decline in exports to its neighbouring countries. Poland had the highest trade growth with economies in transition, including CIS and the Baltic States. The volume of mutual trade increased by some 18-20 per cent, which reflects the recovery of industry in the eastern European countries. The mutual trade of the Baltic States was growing at the same rate as the total, but trade with eastern European countries expanded faster. The dollar value of intra-CIS trade stagnated in 1995 after a large fall in 1991-1993 and perhaps also in 1994; however, in volume terms, it certainly continued to fall.

27. Among the other notable changes in the geographical distribution of trade, the very large increase in Russian Federation exports to developing countries in 1995 (up by 83 per cent) should be mentioned. As a result, the developing countries accounted for some 16 per cent of total Russian Federation exports, the highest share since 1991. Trade with the developing countries accounted for some 8-9 per cent of the eastern European total; it rose marginally in current dollar terms and showed little change in volume in 1995. The combined trade deficit of the eastern European region with developing countries has deteriorated slightly since 1994.

28. Notwithstanding the efforts in industrial reconstruction of the economies in transition, the commodity composition of trade in the period 1993-1995 reflects the persistence of a specific pattern of demand in the main export markets. During the past three years, the only notable change was a fall in the export share of agricultural and food products. On the import side, a considerable drop in the share of fuels and a more or less offsetting increase in the share of manufactures, except machinery, was a common trend throughout the region. The share of machinery and equipment in the region's imports more or less stabilized over this period at 30-32 per cent, although there were large intercountry differences in this respect.

29. The expansion of eastern European and Baltic trade in 1994-1995, particularly on the export side, was based on a combination of favourable factors. The revival of western import demand was one of the most important, its impact being strengthened by greater access to western markets and some improvement in export competitiveness. For the Central European Free Trade Agreement (CEFTA) countries, improved market access under the association agreements with EU were a major support for exports in 1993-1994. For the three Baltic States, these agreements were an important factor in 1995. The impact of western demand has been amplified by a strong recovery of import demand in the eastern European region itself. There is also a growing number of preferential trading agreements among the eastern European and Baltic countries.

30. The available data for early 1996 indicate some slowdown in the rate of export growth, owing largely to stagnation or even decline in western demand and to national currency appreciation in some countries. A further increase in imports in the first quarter of 1996 in many eastern European and Baltic States has resulted in a substantial widening of trade deficits and increased pressure on their current account positions. In the Russian Federation, in contrast, the trade surplus has increased further; exports rose by some 8 per cent in dollar value, while imports declined by 8 per cent in January-March 1996.

31. In marked contrast with the pre-transition period, the trade in services of the economies in transition has developed rapidly, often exceeding the growth of merchandise trade. In eastern Europe, exports and imports of services grew by 28 and 27 per cent, respectively, in the first three quarters of 1995. In consequence, the surplus continued to increase, to over US$ 3 billion, partly offsetting the growing deficit on merchandise trade. Nevertheless, the current account deficit of eastern Europe doubled to $8.8 billion in 1995. The external service trade of the Russian Federation has also grown quickly, but the deficit widened to US$ 6 billion in the first three quarters of 1995, reducing the current account surplus to US$ 10 billion. The strong expansion of foreign travel has influenced markedly the current accounts of most eastern European countries.

32. Most eastern European countries and the Baltic States have made considerable progress in integrating into the world financial markets. This has been reflected most dramatically in their increasing access to various external markets and their ability to attract foreign capital. Eastern Europe has received significant capital inflows in three consecutive years, those in 1995 reaching a record US$ 31 billion. The chief destinations were the Czech Republic, Hungary and Poland and the bulk was from private sources. There were also large inflows into the Baltic States in 1995 and, although much smaller than in eastern Europe, they were high by world standards. However, progress in CIS has been slower in this regard. There has been a steady net outflow of funds from the Russian Federation since the transition began, but there are indications of improvement.

33. The credibility of economic reform programmes appears to explain most of the large differences between the eastern European countries in their ability to attract foreign investment. In general, those countries receiving little private capital have also failed to obtain much official finance. The exception is the Russian Federation, which drew $5.4 billion from the International Monetary Fund (IMF) in 1995 and also appears to have used guaranteed export credits heavily. By contrast, eastern Europe has used these facilities sparingly and in 1995 made net repayments of US$ 2.8 billion to IMF. Recent developments suggest that private capital flows into a growing number of countries in transition appear to be sustainable.

34. By mid-1996, Romania, the Czech Republic, Hungary, Poland, Slovakia and Slovenia had all been rated by major international credit rating services, the last five receiving an investment grade from at least one agency. For those countries with histories of debt problems, essential preconditions for such a rating are an agreement with IMF and normalization of relations with the Paris and London Clubs of creditors. In the past two years, Bulgaria, Croatia, Poland and Slovenia have met these conditions and the Russian Federation appears to be close to final agreement with the parties concerned.

35. The improving perception of their creditworthiness enabled 11 countries to raise US$ 7.8 billion in medium- and long-term loans and bonds in 1995 (compared with two countries obtaining US$ 1.7 billion in 1991). The record volume was achieved despite the virtual absence of sovereign borrowing by a number of creditworthy countries. The terms of new finance generally improved, facilitated, in part, by greater competition among international lenders. Other

indicators of the deepening integration of countries in transition with international capital markets are the rise in borrowing by private and partially privatized corporations and municipalities (departing from the past practice of uniquely sovereign borrowing), the use of a broader range of instruments (for example, increasing use of syndicated loans in addition to bonds), and further geographical and currency diversification of financial sources. Eastern European borrowers have also made increasing use of international equity placements, although their total volume is small compared with that of their debt emissions. Portfolio investments have become significant sources of external funds in the Czech Republic and Poland (around US$ 1 billion in each).

36. The inflow of foreign direct investment into the European economies in transition also reached an all-time high in 1995, increasing over two and a half times to US$ 11 billion. The upturn greatly exceeded expectations, chiefly because privatization in Hungary was more rapid than planned. Nonetheless, many scheduled privatizations did not go ahead. Hungary and the Czech Republic together accounted for almost two thirds of new inflows of foreign direct investment in 1995. In general, foreign direct investment in the other countries in transition has remained modest, although compared with their gross domestic product (GDP), flows into Estonia, Latvia and, in 1995, Albania and the Republic of Moldova, have been large. Despite record foreign direct investment in 1995, neither the required nor anticipated transfer of resources into the region has so far materialized. Although conditions vary considerably, this seems to be due to the incomplete systemic transformation, including inadequate legal frameworks, lagging privatization, insufficient business infrastructure, and, in certain countries, political uncertainty.

37. About one third of the net capital inflows into eastern Europe in 1995 were used to finance the area's current account deficit, with the remaining US$ 25 billion going to boost official reserves. The greatly strengthened reserve position, representing over five months of imports on average, has lowered some of the risks associated with large capital inflows. The reserves of the Russian Federation also increased as a result of the current account surplus and borrowing from IMF.

38. The Governments of countries in transition have made considerable progress in establishing new market institutions and in integrating their economies into the world economy, although the transformation from a centrally planned economy to a market-based system has proved more difficult than initially expected.

IV. COOPERATION AT THE REGIONAL LEVEL

39. Given the nature and range of assistance required by the economies in transition, the United Nations system coordinates its response to demands for building sound human and institutional capacities for managing the transition in the countries concerned. This review of international cooperation efforts in support of the transition begins with the units of the United Nations system that are closest to the countries themselves, the regional commissions.

A. Operational activities of regional commissions to assist economies in transition

40. The need to diversify forms and methods of assistance for the integration of the economies in transition into the European and world economy has been promoted by ECE, which includes in its membership 26 economies in transition. ESCAP, with nine countries in transition in its membership, is also acting to solve problems faced by the disadvantaged economies in transition. Therefore, effective coordination between the two commissions should ensure that technical assistance to those economies is truly complementary and focuses on areas of their competence.

41. The primary objective of ECE and ESCAP technical cooperation activities is to act catalytically to promote the self-reliance of the recipient countries, so as to assist them in their efforts in the management of the transition process. The ECE intergovernmental and expert meetings, workshops and advisory services are instrumental in securing relatively rapid needs assessment in countries in transition. The analytical work of both commissions produced comparative analysis of economic performances of the reform process and also of sectoral policies, feeding the economic debate and helping countries to assess their comparative advantages and weaknesses.

42. ESCAP and ECE have already coordinated their assistance to the economies in transition through regular exchange of information on advisory missions, workshops, training activities and technical cooperation programmes and projects. Future cooperation between the two commissions, with a view to avoiding duplication, could include joint elaboration and implementation of activities, regular consultations and provision of resource persons for the projects under implementation.

43. Cooperation with the United Nations system, EU, other international organizations and institutions in the region, financial institutions and the business community, as well as collaboration with subregional groupings, has been strengthened in all aspects of the ongoing assistance provided to the economies in transition, including workshops, advisory services and training.

44. The United Nations system has continued to provide regular analysis of the economic situation in the countries in transition and to offer policy advice. Information provided in United Nations documents and publications, such as the Economic Survey of Europe, Economic Bulletin for Europe, Economic and Social Survey of Asia and the Pacific and World Economic and Social Survey, as well as several reports of specialized agencies, is detailed, region-specific, and often not available elsewhere. The analytical and statistical activities of the United Nations system generally complement those of other international organizations, thus providing policy makers with a broader range of analysis and viewpoints than would otherwise be available.

1. Economic Commission for Europe

45. Most regular activities of ECE are oriented to assist economies in transition in the field of the environment, transport, statistics, trade facilitation and economic analysis, which have been priority areas since 1990. Industry and technology, energy, population, human settlements, forestry and investment promotion are also covered by ECE.

46. In addition to the wide range of activities, ECE work of analysis, data gathering and sharing feeds the discussion on the economic policies in countries in transition. The analysis of the economic situation in these countries is based on contributions by representatives of member countries who describe and comment on conditions in their countries in a given field in the course of discussions which serve mainly as an exchange of information and experience. It is also based on surveys or studies conducted by the secretariat and reflected in a number of publications, the best known being the Economic Survey of Europe. In 1995, ECE issued 73 publications and 95 are planned for 1996.

47. The negotiation of conventions and protocols, the development of norms and standards and the agreement on European transport networks all serve to harmonize action and facilitate exchanges between member countries, by eliminating obstacles, simplifying procedures or preventing unacceptably large discrepancies in standards of production, particularly those relating to the environment or safety, from being considered as factors of unfair competition.

48. Experience shows that a number of ECE norms and standards are taken up by EU in its directives while, conversely, some EU directives are used as a basis for adopting norms and standards at the regional level within the ECE framework. ECE technical assistance activities support the implementation of guidelines, norms, standards and conventions in all areas of the ECE programme of work. In particular, the successful cooperation of the member States and ECE is reflected in 50 international agreements and conventions in the field of transport, including standards for the automobile industry. Furthermore, ECE experience in the fields of norms and conventions can be shared with other regions through their respective regional commissions; this is the case with ESCAP for the Convention on Long-Range Transboundary Air Pollution and its protocols. This Convention produced the first significant results between 1988 and 1993 with the reduction of sulphur-dioxide emissions by more than 30 per cent. This is one of four ECE environmental conventions. At the global level, the ECE secretariat services the International Convention on Transport of Dangerous Goods.

49. Current ECE activities take the form of training workshops, advisory services for Governments and technical cooperation programmes and projects.

50. Since the end of 1990, almost 200 demand-driven workshops have been held on different aspects relevant for the transition process. The results of the workshops are regularly reported and evaluated by ECE, and the follow-up influences the work of the Commission as a whole. Several advisory workshops have been specifically oriented to expedite the process of building awareness in the newly independent member States of the role and functions of ECE in supporting the reform process and in the integration into the European and global economy. ECE explored the possibility of reinforcing training for the

representatives of administration and the business community of the countries in transition, in cooperation with the United Nations Development Programme (UNDP), the World Bank and other institutions and organizations, such as the European Bank for Reconstruction and Development (EBRD), the Organisation for Economic Cooperation and Development (OECD), the Joint Vienna Institute, the International Labour Organization (ILO)/Turin Centre and regional coordinating centres for training under ECE environmental conventions.

51. The ECE Regional Advisory Services Programme, established in mid-1994 as part of the process of decentralization of United Nations technical assistance activities to the regional commissions, has added a new dimension of services to member States and contributed to a diversification of assistance to countries in transition. The activities of the Programme have been demand-driven by Governments of countries in transition. Regional advisers have provided advice on policy and institutional issues and elaborated project ideas of common interest to several countries.

52. From July 1994 to September 1995, a total of 144 advisory missions were carried out: 50 missions were to member countries of CIS, 48 to the economies in transition in central and eastern Europe, 8 to the Baltic States and 38 to donor countries. In 1995, advisory assistance was provided to Georgia, culminating in the elaboration of a medium-term strategy of economic reconstruction, recovery and reform. Kyrgyzstan, Tajikistan and Ukraine have expressed interest in receiving focused assistance.

53. Technical cooperation programmes and projects have been implemented in specific areas of the ECE programme of work such as statistics, population, transport, the environment, trade, forestry, energy, industry and technology.

54. ECE is actively participating in and working for the follow-up of global conferences such as the World Summit for Social Development and the Fourth World Conference on Women. ECE and the United Nations Population Fund (UNFPA) have formulated a population programme for 1996-1999, to support the follow-up to the International Conference on Population and Development and the European Population Conference in the region, particularly in countries with economies in transition. The programme will supply Governments and non-governmental organizations with data, analysis and conclusions to monitor the implementation of the Programme of Action of the International Conference on Population and Development and the recommendations of the European Population Conference. Three projects on population issues were conducted with the financial support of UNFPA.

55. In order to promote communication with national statistical agencies and other interested organizations, ECE coordinates its programme of work with the Conference of European Statisticians and the Statistical Office of the European Communities (EUROSTAT), which provides the European Union with a high-quality statistical information service. ECE is also coordinating its statistical activities with OECD as well as with the World Bank and IMF. The ECE statistical programme has recently been rein.orced through UNDP funding on social statistics.

56. ECE activities in the transport sector are also devoted to specific technical projects, such as the Trans-European North-South Motorway project with the participation of 10 countries, and the Trans-European Railway project, with the participation of 11 countries. OECD and EBRD participated in the activities of the projects.

57. Three environmental technical cooperation programmes are being prepared, on transboundary water management and protection, support for sustainable investment decisions in fresh-water and sea-water resource management, and mitigation of the environmental effects of the military complex and conversion to peaceful uses. Cooperation at the secretariat level has been strengthened between ECE and the Danube Project Coordination Unit.

58. In the field of trade, a study on investment finance in the economies in transition was prepared recently, as well as a guide on real estate transactions in the economies in transition. Other guidelines were issued, on financing trade and private companies and on new forms of project finance, including build, operate and transfer (BOT) which will help economies in transition mobilize external finance, particularly in infrastructure development. A number of other technical cooperation activities in trade facilitation are carried out, mostly through advisory services, with the aim of improving the efficiency and effectiveness of the procedures, documentation and data exchange used in international trade transactions. Trade Facilitation Information Exchange (TRAFIX) is a joint programme with ESCAP and several national trade facilitation bodies, using the Internet World Wide Web, to increase awareness and use of trade facilitation standards. ECE is supporting ESCAP in the preparation of a training guide.

59. A preparatory assistance project to develop energy efficiency demonstration zones in Bulgaria, the Czech Republic, Hungary and the Russian Federation, supported by the UNDP Global Environment Facility and extended to 1996. The Energy Efficiency 2000 project has also developed energy efficiency trade promotion activities and supported the conversion of military industries to the manufacture of energy-efficient technology. A new activity on financial mechanisms for energy efficiency investments in the Russian Federation began with EBRD, the World Bank, Russian Federation commercial banks and western European experts developing guidelines for an investment project. The technical cooperation programme "Promotion and development of a market-based gas industry in economies in transition - Gas Centre" covers a wide range of activities, with immediate priorities in training, technical missions, publishing activities and database development.

60. In the field of industry, ECE is participating in a project on the steel industry in Europe, which includes the World Bank, EBRD, the European Union and the International Iron and Steel Institute (IISI). A pilot project was initiated on the environmental clean-up of sites polluted by chemicals in economies in transition. Draft model agreements and legal guides have been produced with the aim of facilitating business negotiations in economies in transition and the dissemination of information on new forms of economic cooperation.

61. ECE has also developed a programme for the development of small and medium-sized enterprises in countries in transition, aiming to assist countries in transition in formulating national policy, designing promotion programmes for such enterprises, developing infrastructure and helping beginners to become entrepreneurs.

62. The long-standing ECE mandate to initiate and participate in measures for facilitating concerted action for the economic restructuring of Europe is equally valid for present efforts to assist war-torn countries and areas in the ECE region.

2. Economic and Social Commission for Asia and the Pacific

63. ESCAP has accorded high priority to assisting the economies in transition in their transformation and to facilitate their joining the region's economic mainstream. The divisions of the secretariat have refined and extended their programmes to address new issues and have intensified their programme of activities in favour of these economies.

64. The following narratives of ESCAP assistance to the concerned countries include: (i) adoption of the international standards and practices of countries with market economies, (ii) analytical activities, policy advice and technical assistance to the economies in transition, and (iii) possible ways of enhancing economic and technical cooperation among countries with economies in transition and with developing countries, in particular through cooperation with regional and subregional groupings.

65. The ESCAP secretariat has provided training in such areas as macroeconomic management and reform, trade and foreign direct investment, industrial restructuring and private sector participation, transport and statistics. Efforts have been made to ensure that the economies in transition, in particular in all the Central Asian countries and Mongolia, could obtain full exposure to the experience of market economies and attain international standards and recommended practices for operating a well-functioning market system. National training courses on national accounts systems were organized by the Statistical Institute for Asia and the Pacific and the Statistics Division of ESCAP to improve national statistical capabilities in the economies in transition. ESCAP has helped these economies in adjusting their foreign trade policies in harmony with the agreements of the Uruguay Round of multilateral trade negotiations.

66. In the field of transport, technical assistance was aimed at the establishment of an appropriate policy framework for land transport routes to be included in subregional, intraregional and interregional (Asia-Europe) railroad linkages and networks.

67. Analytical work and operational modalities for integrating the economies in transition into the regional economic mainstream have been clustered around three groups of activities: (i) provision of advisory, research and information services, (ii) the convening of intergovernmental and expert group meetings, workshops and seminars on various economic and social development issues, and

(iii) provision of training in accordance with specific requests from the Governments concerned.

68. The Economic and Social Survey of Asia and the Pacific has been monitoring and analysing the developments in the economies in transition in the region and their progress in economic reform, including their external trade links. Other ESCAP publications reporting on the implementation of economic reform policies, the state of foreign trade and measures to merge the economies in transition into the regional economy, include those on macroeconomic reform policies in the disadvantaged economies in transition and management of economic reforms.

69. Advisory services on macroeconomic management, institutional arrangements for export promotion, the implication of the Uruguay Round agreements for regional economic cooperation, natural resources management, transport and statistics were provided to most of the countries. At the request of the Governments concerned, courses of lectures were organized on macroeconomic issues, including trade and investment policies, for government officials, researchers and representatives of academic institutions and technical assistance in building macroeconomic models for policy analysis. Technical advisory services on remote sensing and geographic information systems were rendered to the selected economies in transition. The secretariat has been providing advisory services to the Central Asian countries in addressing the Aral Sea crisis.

70. With regard to technical assistance, ESCAP has focused on strengthening national management capacities in developing the financial, industrial, infrastructural, trading and other institutional framework required in managing transition to a market economy. Space technology application, the application of electronic data interchange in international trade, and environment protection were some of the new activities undertaken in 1994-1995. The economies in transition participated in a number of technical cooperation activities on critical social issues and human resources development. A policy seminar on migration and development and a regional seminar on population ageing and development were among several projects implemented in this area.

71. Regional cooperation among the countries of this group has been identified as a substantive area in ESCAP activities. In the context of the recent emphasis placed on enhancing regional cooperation and the strengthening of the subregional coordination system among the economies in transition, the secretariat has provided support within available resources to subregions, such as Indo-China and North-East and Central Asia.

72. A major focus of assistance to the Central Asian members of ESCAP in their efforts to undertake market-oriented economic reforms has been on macroeconomic management. During the period 1993-1995, ESCAP organized national workshops on economic reforms in each of the Central Asian countries. The major challenges remain the creation of a competitive environment under new policy regimes to stimulate trade and investment to meet diverse international standards.

73. The ESCAP secretariat has sought close collaboration with the Economic Cooperation Organization (ECO) in providing assistance relating to the economies in transition. All 10 members of ECO are members of ESCAP. The two

organizations therefore took an early initiative to establish a framework for cooperation between them. Accordingly, a memorandum of understanding was signed between the executive heads of the two organizations at Istanbul, Turkey, on 7 July 1993.

B. Cooperation with relevant subregional groupings, international institutions and other organizations to enhance technical cooperation among the economies in transition and developing countries

74. In order to adapt the work of both regional commissions to new realities in the region, particular attention has been paid to the relations and cooperation with principal partner institutions outside the United Nations system - the Organization for Security and Cooperation in Europe (OSCE), the European Commission, the Council of Europe, OECD and EBRD. Cooperation with subregional groupings within the region has been further enhanced.

75. The membership of the Council of Europe and its Parliamentary Assembly is also growing closer to that of ECE, and the complementarity of their mandates provides them with opportunities to cooperate, mainly on the occasion of ad hoc events such as the Warsaw Conference on Progress of Economic Reforms in Central and Eastern Europe and assistance to the former Yugoslav Republic of Macedonia in planning and conducting its 1994 population census.

76. An appropriate division of labour is sought with institutions which, within the ECE region, have more limited membership, with a long-standing and strong secretariat. This is the case for OECD and the European Commission. In the environmental field, it has led to a partnership for implementing the environmental performance reviews which, initiated by OECD, have been extended by ECE to a number of countries in transition. A similar type of partnership relation (involving ECE, OECD and the Statistical Office of the European Communities (EUROSTAT)) has developed in the field of statistics.

77. Synergies with other organizations were also developed in norms- and standards-setting, such as with the European Commission. Experience shows that a number of ECE norms and standards are taken by EU in its directives while, conversely, some EU directives are used as a basis for adopting norms and standards at the regional level within the ECE framework.

C. Cooperation with the Organization for Security and Cooperation in Europe and the Mediterranean Countries

78. Cooperation between ECE and OSCE has been extended since the Commission's last session in the spirit of the Budapest Summit Declaration of the Budapest Summit of 1994 of the Conference on Security and Cooperation in Europe. In an effort to consolidate cooperation with organizations having a similar membership to that of ECE and a complementary mandate, ECE regularly supports the economic dimension of OSCE activities. This is demonstrated by the substantive background documents prepared by ECE for the meetings of the Economic Forum, the

review of the Bonn documents and individual seminars organized by OSCE on specific economic issues.

79. The ECE secretariat has contributed to the three OSCE economic dimension events which have taken place since the Commission's last session. In 1995, it contributed to the Sofia seminar on the Trans-European role of infrastructure in maintaining stability and security in the Black Sea region. It also prepared a written contribution for the seminar on environmental rehabilitation. The secretariat's participation in OSCE seminars dealing with ECE subjects is useful for both participants.

80. For the Fourth Economic Forum, held at Prague in March 1996, the secretariat was again invited to provide moderators and rapporteurs, as well as a contribution on the two main subjects of the Forum: managing the social aspects and political risks in transition, and building an economic climate of confidence to promote security.

81. At the Fifth Meeting of the OSCE Ministerial Council, held at Budapest in December 1995, the participating States decided to intensify the dialogue with the five non-participating Mediterranean States: Algeria, Egypt, Israel, Morocco and Tunisia, now called "Mediterranean partners for cooperation". As requested by the Commission in 1995, the ECE secretariat intends to cooperate, in its areas of competence, with the informal open-ended contact group which has recently been established at the expert level within the framework of the OSCE Permanent Council, in order to facilitate exchange of information.

82. The increasing number of initiatives taken by international organizations and regional or subregional groupings to strengthen integration among countries of the Mediterranean and their cooperation with other countries reflects a renewed interest in the present situation and projects of the region. These initiatives may, however, lead to duplication of effort and inconsistencies if there is insufficient information-sharing and concentration among the various institutions concerned.

83. Against this background, and as agreed during a special meeting of Ambassadors from ECE member and non-member States of the Mediterranean region, the ECE secretariat has made an inventory of existing mechanisms of cooperation and initiatives under way in the region.

84. Among the seminars and workshops organized by ECE and open to all member States, those of particular relevance to Mediterranean countries should be increased. The participation of the ECE Mediterranean countries in meetings dealing with the elaboration and implementation of norms and standards can foster their trade relationships and their economic integration into the trade facilitation and standards on perishable produce.

85. Similar orientations should be adopted to facilitate the adherence of Mediterranean countries to the environmental conventions on water management, environmental impact assessment and industrial accidents, as well as to the guidelines on integrated environment management in countries in transition and to a number of legal instruments in the transport sector.

86. With regard to cooperation in the Mediterranean, other activities will be pursued based on further consultations with EU, the Council of Europe and the United Nations system. ECE and the Economic Commission for Africa (ECA) are cooperating, together with the other relevant organizations, in activities related to the project on the Europe-Africa permanent link through the Strait of Gibraltar. It should be noted that the two regional commissions submitted a joint report to the 1995 session of the Economic and Social Council in this respect.

D. Subregional groupings

87. Since the early 1990s, ECE and ESCAP, as well as various organizations of the United Nations system, have been fostering greater cooperation with the growing number of subregional groupings that have been created in Europe and Central Asia for the purpose of enhancing mutually beneficial trade and economic cooperation. Most notably, these subgroupings include the Baltic Council of Ministers, the Baltic Assembly, the Council of Baltic Sea States, Black Sea Economic Cooperation, Commonwealth of Independent States, the Central European Initiative, the Caspian Cooperation Council, the Economic Cooperation Organization, the Euro-Arctic Council of the Barents Sea, and the Visegrad Group. Many of the subregional groupings benefit from the expertise and support of European institutions and United Nations organizations active in the region, such as ECE, ESCAP, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the World Bank, IMF, the International Organization for Migration (IOM), the World Trade Organization (WTO), EU, Council of Europe, OECD and OSCE. Selected examples of cooperation between the ECE, ESCAP and subgroupings are described below.

88. ECE participates regularly in the Black Sea Economic Cooperation (BSEC) ministerial meetings. It provides advisory services, inputs for technical meetings and support literature upon request. ECE has extended assistance particularly in the field of energy and transport. In 1994, it prepared a publication on the energy situation in BSEC countries, "BSEC in energy: momentums and opportunities", for the first BSEC working group on energy. In 1995, ECE provided inputs for the BSEC working group on transport and for the ad hoc group of experts on transport networks. It also made a significant contribution at the OSCE meeting in Sofia, in November 1995, on transport specific to the BSEC region.

89. ECE has developed cooperation with CIS in areas where it has an effective impact. It has close relations with the CIS Statistical Committee. It has also established contacts with the International Committee for Economic Reform and Cooperation, established in 1993 with the support of the CIS States, to stimulate trade and investment among the countries of the region. ECE cooperates on substantive issues such as energy and infrastructure with the Economic Cooperation Committee for the CIS countries. A project on "The present situation and prospects for the fuel and energy complex in CIS" was initiated in 1995, with the participation of all CIS Governments, through national experts on energy matters. The first meeting was held in Moscow in September 1995, and further consultations are planned for 1996.

90. ECE has been represented at high-level meetings of the Central European Initiative. It also took an active part in the Initiative's working groups on transport, environment and energy. Most recent initiatives include the ECE contribution to the meeting of the working group on small and medium-sized enterprises to design a relevant programme. ECE also presented a position paper at the ministerial meeting on international economic relations and foreign trade questions held at Skopje, the former Yugoslav Republic of Macedonia, in March 1995.

91. The ESCAP secretariat has sought close collaboration with the Economic Cooperation Organization (ECO) in providing assistance relating to the economies in transition. A memorandum of understanding was signed between ESCAP and ECO at Istanbul, Turkey, in July 1993. Since then, joint workshops and seminars have been organized by ECO and ESCAP. In addition, ESCAP initiated consultative meetings among executive heads of subregional organizations, which now take place annually. ESCAP is currently involved in five studies to complement the Asian land transport infrastructure development (ALTID) project, and is involved in promoting border-crossing facilitation measures and legal instruments which are consistent with those developed by ECE, in order to ensure complementarity where regional links to Europe are developed.

V. COOPERATION AT THE GLOBAL LEVEL

92. The following agencies, bodies and programmes contributed to the present report, providing information on their role in enhancing the cooperation of economies in transition among themselves, with developing and developed economies and with relevant international institutions and entities: the United Nations Secretariat, the Department for Economic and Social Information and Policy Analysis, the Department for Development Support and Management Services, the Department for Policy Coordination and Sustainable Development, ECE, ESCAP, United Nations Children's Fund (UNICEF), UNCTAD, UNDP, United Nations Drug Control Programme (UNDCP), United Nations Population Fund (UNFPA), United Nations Institute for Training and Research (UNITAR), United Nations University (UNU), International Labour Organization (ILO), Food and Agriculture Organization of the United Nations (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO), International Civil Aviation Organization (ICAO), World Bank, IMF, Universal Postal Union (UPU), International Fund for Agricultural Development (IFAD), United Nations Industrial Development Organization (UNIDO), and the International Atomic Energy Agency (IAEA). These contributions are summarized below.

United Nations Secretariat

93. The Department for Economic and Social Information and Policy Analysis assists Governments, intergovernmental and non-governmental organizations and private sector entities in determining development and transition priorities and contributes to devising polices and measures for fulfilling them. This is done through two major types of activity, analysis and technical cooperation. The first entails analysis of long-term economic, social and population trends, as well as monitoring and assessing, from a global perspective, economic, social and population policies. The Department, working in consultation with the

regional commissions, UNCTAD, and the Bretton Woods institutions, also seeks to identify emerging economic and social issues of global importance and monitor short-term developments in the world economy. In this regard, the Department's World Economic and Social Survey 1996, in its focus on investment in the world economy, prepared a special analysis of the unique investment situation and policy environment in the economies in transition. In the preceding year, the Survey for 1995 analysed the problems of transition and adjustment at the microeconomic level.

94. In the area of population, the Department also carries out research and analysis through the study of mortality, fertility, internal and international migration and urbanization, which include the countries with economies in transition. Of particular importance are the periodic estimates and projections that include information on population size, by age and sex, growth, mortality, fertility and rural and urban distribution for all countries of the world. In the most recent assessment, World Population Prospects: The 1994 Revision, a special chapter is devoted to the demography of the countries with economies in transition.

95. The other major cluster of activity is technical cooperation in the areas of population and statistics. In the first area the Department executes projects such as those in Albania and Mongolia, with a view to increasing the capacity of these countries to formulate national population and related policies for the effective implementation of the Programme of Action of the International Conference on Population and Development.

96. In the area of statistics, the Department has prepared a handbook on national accounting: use of the System of National Accounts in economies in transition. This handbook is expected to assist countries in transition in their efforts to change from the Material Product System (MPS) used by centrally planned economies to the System of National Accounts (SNA) used by the rest of the world. A workshop was organized in this regard in St. Petersburg, Russian Federation, in 1994, which brought together national accounts experts from the countries in transition and resulted in major recommendations.

97. In addition, the Department collaborated with the UNFPA Country Support Team in Kathmandu to carry out training on demographic data collection for Central Asian republics in Ashgabad in March 1996. In May 1996, the Department also provided technical assistance to the Government of Turkmenistan related to the processing and tabulation of the 1995 population and housing census results.

98. The Department for Policy Coordination and Sustainable Development provided substantive support to the discussions on the Agenda for Development, currently under negotiation by the Ad Hoc Open-ended Working Group of the General Assembly on an Agenda for Development. The discussions cover, inter alia, the subject of the integration of countries with economies in transition.

99. In the first chapter, it is acknowledged that the special problems and features of countries with economies in transition require particular attention. Achieving economic growth and sustainable development is seen as being especially complex because these countries are faced with a dual transition to democracy and to a market economy. The integration of these countries into the

world economy will have a positive impact not only on these countries themselves but also on the global economy as a whole. Promoting effective cooperation in trade, economy, finance, science and technology with all countries and regions is therefore especially important. In order to bring this integration about in a speedy manner, the Agenda for Development notes that effective international support for reforms in these countries is essential in terms of both financial resources and institutional expertise.

100. In the second chapter, it is reiterated that the international community should support the countries with economies in transition in their efforts to integrate into the world economy. Therefore, recommendations adopted at recent international conferences and meetings regarding the specific needs of these countries should be fully implemented by the international community and the United Nations system. To this end, the Agenda for Development proposes that an appropriate strategy should be defined for strengthening solidarity with these countries. 5/

101. The Department for Development Support and Managerial Services has the mandate to undertake technical cooperation programmes for institution-building and human resources development in various fields of activity for the benefit of developing countries. IC is further mandated to give special attention to the least developed countries and the economies in transition.

102. In fulfilling the above mandate, particularly in conjunction with the countries in transition, the Department has established, within its Development Policies and Planning Branch, a Coordination Unit for Economies in Transition. The Unit has organized a series of interregional workshops and symposia to enhance the exchange of information, among the countries in transition, on complex policy matters critically important for their effective and smooth transition to market economies.

103. The Governance and Public Administration Branch, Division of Public Administration and Development Management, has undertaken a number of activities under UNDP-funded projects as well as within the regular programme budget pursuant to General Assembly resolution 49/106. IC is implementing a regional project that seeks to develop and enhance democracy, governance, and popular participation in central Europe and CIS.

104. In pursuit of its overall policy of support to women in development, the Department pays particular attention to assessing the actual and potential roles of women in all the various development activities. Women in central and eastern European and CIS countries are severely affected by the transition from a centrally controlled to a market economy. The Department is implementing a regional project on women in development in central and eastern European and CIS countries. The overall objective of this project is to build the capacity of these countries to address their gender concerns, support their efforts to correct gender disparities and achieve gender-balanced sustainable development. Five gender in development units have been established, in Armenia, Bosnia and Herzegovina, Croatia, Georgia and the former Yugoslav Republic of Macedonia. These units function as focal points for national, regional and international activities in promoting and coordinating all gender-related programmes.

105. In 1995, the UNDP Regional Bureau for Europe and the Commonwealth of Independent States initiated the preparation of annual national human development reports in 25 countries of the region as an entry point to improve policy dialogue and policy formulation in that region. The Department was chosen as the executing agency for this project.

106. The relevance of these reports to the countries in the region is considerable, in that basic information and statistics on social and human development issues in the region are virtually non-existent or inaccurate. Even when they exist, many of these countries often lack the capacity to analyse, interpret or disaggregate statistics and other information.

United Nations Conference on Trade and Development

107. In recent years, UNCTAD has regularly reviewed and analysed the substantive issues and developments relating to the efforts of the economies in transition to integrate into the international trading system and their development implications. This objective was also endorsed during the ninth session of the Conference held at Midrand, South Africa.

108. A study on fostering integration of countries in transition in central and eastern Europe into the world economy and the implications for developing countries was published in October 1995. Other UNCTAD documents dealing with concrete issues of international trade, such as the implications of the dynamism of large economic spaces, give specific information on economies in transition.

109. UNCTAD implements a growing number of technical cooperation projects and activities aimed at supporting individual economies in transition in their accession to the World Trade Organization (WTO), for example Belarus, Latvia, Lithuania, the Russian Federation and Uzbekistan. Several other countries in transition have requested the technical cooperation of UNCTAD in this area. These technical cooperation activities are implemented in cooperation with WTO. In August 1995, an UNCTAD/ESCAP seminar on WTO accession was organized for Asian countries, including the Central Asian republics. A workshop of the CIS and Baltic States, on the development of regional trade, payments and enterprise cooperation, took place in Chisinau, Moldova from 9 to 12 January 1995. The workshop addressed the problems of declining regional trade which have seriously affected production, employment and growth, and identified policy responses likely to expand regional trade, payments and enterprise cooperation among CIS and Baltic States.

110. At the request of the Government of Egypt, UNCTAD, in collaboration with the International Trade Centre UNCTAD/WTO (ITC), organized a business week on trade and economic cooperation between Egypt and central and eastern European countries, including CIS, which took place at Cairo in December 1994.

111. UNCTAD has assisted the authorities in Romania by taking institution-building measures to enhance the training capacity for the organization of maritime trade. The European Commission is providing financial assistance to instal the UNCTAD Rail Tracker module of the Advance Cargo Information System (ACIS) on the Turkmenistan and Uzbekistan section of the transport corridor.

112. A review of the privatization process in Kazakstan was undertaken. In October 1995, UNCTAD, in cooperation with the Government of Uzbekistan, UNDP and UNIDO, organized an international business conference in Geneva on "Privatization in Uzbekistan - Opportunities for partnership", which brought together 200 business executives from a large number of countries and resulted in a number of contracts on investment being signed. The joint mission on the restructuring of large industrial enterprises located in Kazakstan included experts from UNCTAD, ILO, UNIDO, United Nations Volunteers (UNV), Asian Development Bank (ADB) and European Bank for Reconstruction and Development (EBRD), and the Government of Kazakstan.

113. The Trade Point Programme is a core component of the UNCTAD Trade Efficiency Initiative. There are currently 102 countries involved in the Programme, of which 13 are economies in transition. The UNCTAD Automated System for Customs Data (ASYCUDA) programme has now become de facto a worldwide standard for the automation and modernization of customs procedures, documentation and data. Projects began in Armenia and Georgia in 1994. ASYCUDA has been operational in Armenia since June 1996. The Governments of Azerbaijan and Uzbekistan have shown interest in the system. The UNCTAD computer-based Debt Management and Financial Analysis System has been installed in Belarus, Kazakstan, Romania and Ukraine. A similar project is being finalized with the Government of Uzbekistan. A new software version is currently being updated in countries in which the older version was installed.

International Monetary Fund

114. IMF has been actively involved in facilitating the integration of the former centrally planned economies into the global trade and payments system from the beginning of the process of transition. The Fund's contribution to the economies in transition has primarily taken three forms: policy advice, financial support, and technical assistance and training.

115. Fund policy advice to economies in transition has included the areas of macroeconomic stabilization, trade and exchange system liberalization, economic restructuring (including privatization), and the development of targeted social safety nets. The Fund has also given advice on issues that are unique to some economies in transition, including rouble area issues and a customs union within parts of the former Union of Soviet Socialist Republics.

116. The Fund provided financial support for economic stabilization and reform programmes in most of the economies in transition, with actual disbursements amounting to nearly US$ 21 billion in the period 1990-1995. Part of this assistance was provided through a temporary special facility, the Systemic Transformation Facility (STF), which was introduced in April 1993 and expired at the end of 1995. The Facility provided financial assistance to countries facing balance-of-payments difficulties arising from severe disruptions in their traditional trade and payments arrangements owing to a shift from significant reliance on trading at non-market prices to multilateral, market-based trade. The Facility was designed to serve as a mechanism to pave the way for these countries to move to regular Fund arrangements. It provided flexibility in the application of the Fund's policy on financing assurances, permitting the Fund to move more quickly in providing financing than it could have done otherwise.

117. The Fund has provided technical assistance to economies in transition in five broad areas: (a) design and implementation of fiscal and monetary policies; (b) institution-building, such as the development of central banks and treasuries; (c) collection and refinement of statistical data; (d) training of officials; and (e) review of legislation (or, in some cases, assistance with its drafting). 6/ In planning and providing this technical assistance, the Fund has collaborated closely with other suppliers of technical assistance, on both a project and a programme level. This collaboration includes joint financing of technical assistance with EU, UNDP and the World Bank, as well as with a large group of central banks. IMF has also attached great importance to helping with the training of officials responsible for economic policy in these countries. The challenge for economies in transition is to sustain and extend the progress achieved thus far. The Fund is continuing to work closely with these countries to assist them in their efforts.

World Bank

118. The World Bank continued its support for the economies in transition in such sectors as agriculture, education, electric power and other energy sources, the environment, finance, industry, mining and other extractive methods, oil and gas, population, health and nutrition, public sector management, the social sector, telecommunications/informatics, transport, urban development, water supply and sanitation. The figures on lending to borrowers in Europe and Central Asia are clearly indicated in annex table 4.

Food and Agriculture Organization of the United Nations

119. The activities of FAO in support of the economies in transition in central and eastern Europe and CIS concentrate on support for the implementation of economic and institutional reforms undertaken since the early 1990s as they involve and affect the agricultural and rural sector and, through assistance in approaching sustainable development, on support for the integration of the agriculture of these countries into the world economy. In view of resource limitations, the thrust of the role of FAO in Europe has remained catalytic, particularly as regards the provision of technical assistance services to these countries.

120. The FAO Regional Conferences and the European Commission on Agriculture have, throughout the 1990s, provided a much-appreciated forum for presentation and review of the central and eastern Europe agriculture and rural sector transition in a pan-European context.

121. The framework of FAO activities has been support for the recovery of the agricultural sector in these countries as linked and dependent on the continuation of economic and institutional reforms in the countries in question. Since 1993, FAO has been supporting the organization of annual ministerial consultations on agricultural policy which provide a high-level forum for these countries to exchange specific experience on the transition of the agricultural and rural sector. A network to research and promote options of agricultural policy has been established with the assistance of FAO and provides policy makers in central and eastern Europe with expertise and analyses in such key areas as (a) international policy environment, including EU enlargement, the

GATT Uruguay Round Agreement on Agriculture, the Central European Free Trade Agreement; (b) structural reforms, privatization programmes, development of land markets and farm restructuring, cooperative reforms; and (c) the place and linkages of the agricultural sector with rural development, including gender issues. 7/

122. The central and eastern European and CIS members of FAO have, from the beginning, been actively involved in the preparations for the World Food Summit, to be held at Rome in November 1996.

123. FAO is providing assistance to the central and eastern European and some CIS economies in transition in developing and implementing rural development issues and, where necessary, securing social safety nets for rural populations. A major study on the role and status of rural women in the central and eastern European countries is instrumental in designing a plan of action to assist rural women in the transition and constituted a part of the preparations for the Fourth World Conference on Women held in Beijing in 1995. Through its Investment Centre, FAO prepares investment projects for financing by multilateral funding institutions. In 1994, 34 missions of varying duration were mounted by the Centre in the European region; the number increased to 45 in 1995. The stimulus to agriculture is significant, especially if the built-in multiplying effect is taken into account. It is foreseen that during the biennium 1996-1997 the Centre will be requested to increase its assistance to central and eastern European countries.

124. FAO has also a Global Information and Early Warning System, a principal international source of data and analyses of current and prospective supply and demand food and farm product balances in all countries of the world. The FAO-supported European System of Cooperative Research Networks in Agriculture has developed a subregional approach for supporting and networking research in the central and eastern European countries, in liaison with the Mediterranean subregion. The establishment of a subregional office for central and eastern Europe with a multidisciplinary team of agricultural experts in areas selected as priority areas in the countries of central and eastern Europe, and a policy assistance unit, will strengthen the FAO presence in the field. The ongoing restructuring of FAO, along with the establishment of the subregional office, will provide more focused and cost-efficient support for the transition of these countries in agriculture and rural development.

International Atomic Energy Agency

125. During the last few years, several new States in Europe and Central Asia joined IAEA or became interested in its technical cooperation programme.

126. Following the technical visits to some CIS countries in 1992, after their accession to the Nuclear Non-Proliferation Treaty, the Coordinated Technical Support Programme was established in the areas of nuclear material control and accountancy (at the State and facility levels), physical protection, and nuclear import-export control, as well as the related nuclear legislation, with the participation of the following donor States: Finland, Hungary, Japan, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States

of America. In 1994-1995, some other potential donor countries expressed interest in participating in the Programme.

127. Technical assistance to the countries in transition involved, according to States' needs: deliveries of computer hardware and software, deliveries of communication and office equipment, deliveries of specialized instrumentation, installation of physical protection systems, and training. IAEA projects with the countries in transition have focused mostly on Belarus and Ukraine, which are still dealing with the Chernobyl disaster. 8/

International Civil Aviation Organization

128. The Technical Cooperation Bureau of ICAO is involved in numerous technical cooperation projects in a wide range of countries around the world. The annual project value is approximately US$ 50 million. These projects, which have various aviation objectives, contribute to the development of the host country's aviation sector and thus to its overall development and integration into the global economy. Numerous factors play a role in the process by which an ICAO technical cooperation project is approved and then moves to the implementation stage. While some ICAO technical cooperation projects may take place in countries that would be the focus of General Assembly resolution 49/106 of 19 December 1994, ICAO does not target its activities specifically to one group of countries as opposed to another. Consequently, the activities of the Technical Cooperation Bureau enable ICAO to contribute in a general manner to the implementation of the resolution.

International Fund for Agricultural Development

129. In accordance with its mandate of providing development assistance to disadvantaged rural communities to alleviate rural poverty, IFAD focuses its support projects in countries in transition on (a) rehabilitation of small-scale rural infrastructure, for example, through rural works programmes, (b) promotion of rural micro-enterprises and on-farm and off-farm employment and income-generating opportunities, through formal and informal credit programmes that are coordinated locally through village credit funds and credit unions, and (c) strengthening of institutions to enable them to serve the needs of the emerging private farming sector. IFAD commits resources and makes efforts to mobilize donor funds that are tailored to training programmes for farmers and technical assistance and training aimed at increasing the capacity of institutions involved in project implementation. IFAD also provides limited resources to support the formulation of rural development of smallholders in the rural sector. To ensure the economical, environmental and institutional sustainability of interventions, project beneficiaries, institutions involved in implementation, and government agencies play a strong role in the design of projects.

130. IFAD has ongoing loans for projects in Albania (small-scale irrigation rehabilitation and rural development), Armenia (small-scale irrigation development), Bosnia and Herzegovina (livestock restocking and development) and Kyrgyzstan (sheep development). Three of the projects are initiated by IFAD. 9/ IFAD ongoing loans to the region are all on highly concessional (International Development Association (IDA)-equivalent) terms.

131. As requested by Governments and other international financial institutions, IFAD is expanding its activities in the region. Projects in the pipeline currently include projects for Armenia (agricultural services), the former Yugoslav Republic of Macedonia (rural rehabilitation), Azerbaijan (pilot privatization and irrigation development), Georgia (agricultural privatization and rural credit) and Kyrgyzstan (agricultural development). One of these projects is IFAD-initiated and four are World Bank-initiated, with co-financing from IFAD. Several additional projects are expected to enter the pipeline in 1996. 10/

132. To improve the informational basis for projects aimed at developing the rural sector in countries in transition, IFAD is planning two major studies. The first, a farm study covering the Caucasus countries, would help IFAD identify potential target groups for future interventions and assess the impact of ongoing land reforms on rural communities. The second study would assess the performance of rural financial service systems financed by IFAD and other donors in countries in transition, extracting lessons from past experience to improve the design and performance of future projects.

International Labour Organization

133. In the context of the integration of the economies in transition into the world economy, an important aspect of the work of ILO includes the transfer of know-how to its tripartite constituency, enabling Governments, employers and trade unions to identify and adopt sound employment strategies, taking fully into account both the external and the domestic factors affecting employment and development.

134. Cooperation in rendering technical assistance to economies in transition has been established between ILO and other international institutions and organizations (UNDP, World Bank, OECD, and regional organizations of developed market economy countries such as the European Community) (Technical Assistance to the Commonwealth of Independent States and Georgia (TACIS) programme and Poland-Hungary Aid for the Reconstruction of the Economic (PHARE) programme).

135. ILO has contributed reports on such subjects as "Combating unemployment and exclusion: issues and policy options", "The social dimension of the liberalization of international trade", and "Toward full employment".

136. Several action programmes have been envisaged concerning women workers, youth and older workers. The importance of the problems of each of these groups has been growing steadily in recent years in economies in transition and the time has now come for a more energetic effort to be undertaken in this respect. ILO activities on poverty alleviation take due account of the role assigned to it by the World Summit for Social Development. The ILO approach to dealing with this problem comprises employment and job creation, as well as advice on the creation of social safety nets for those in most need.

137. Considerable attention has been devoted in ILO activities to the issue of disabled workers in economies in transition. A publication has been prepared containing guidelines on active training and employment policies for disabled workers in central and eastern Europe entitled "Employment prospects for

disabled people in transition economies". A survey on workers with disabilities in a local labour market of Almaty has also resulted in a publication. A conference in Poznan, Poland, in 1994 reviewed labour market policies in favour of disabled persons.

138. ILO has also initiated the formation of an "Informal network of foreign labour" among central and eastern European countries, to meet the desire of the Governments to intensify consultation and dialogue on bilateral and multilateral issues raised by these movements. ILO is supporting the network through the organization of annual meetings, research and the dissemination of information.

United Nations Drug Control Programme

139. UNDCP is particularly concerned with the rapid spread of drug abuse, illicit drug cultivation and drug trafficking across eastern Europe and the CIS countries. Drug abuse is already moving forward as one of the main causes of serious health and socio-economic problems in practically all countries in transition of Europe and CIS.

140. UNDCP has been endeavouring to assist the economies in transition in reducing the negative socio-economic implications of the drug problem. The meetings held by the Executive Director of UNDCP with the leading policy makers in eastern Europe and CIS have demonstrated the existence, at the top level, of strong political will to address the drug problem and its ramifications. The results of these meetings were instrumental in UNDCP analytical activities in the region, and for its provision of policy advice and technical assistance to practically all the countries in transition of Europe and CIS.

141. In the last two years, UNDCP has opened two field offices in the region to cover five Central Asian countries and three Baltic States. Following the provision by UNDCP of legal assistance to most of the countries in transition, many have acceded to the United Nations drug control conventions and created interministerial drug control assistance in institution-building, strategy development, strengthening of control measures, reduction of illicit supply of and demand for drugs, with a view to preparing suitable ground for establishing subregional and interregional cooperation in addressing the commonly faced drug problem.

142. UNDCP has also developed the Subregional Drug Control Cooperation Programme for Central Europe, which has permitted the strengthening of commitment to drug control at different levels of administration, starting from the top legislative and executive bodies. In March 1995, UNDCP signed a memorandum of understanding on cooperation in the area of drug control with ECO. It is planning to provide assistance in the setting up of the Drug Control Coordination Mechanism in the ECO secretariat, which would serve as a channel for the development and implementation of coordinated regional-level drug control projects.

United Nations Development Programme

143. The Regional Bureau for Europe and the Commonwealth of Independent States administers the activities of UNDP in Europe and CIS. 11/

144. In Bosnia and Herzegovina, the UNDP country office will be working closely with government authorities and the United Nations development agencies to design and implement reconstruction and rehabilitation activities.

145. For the countries in transition, UNDP directs its programming efforts to assist these countries in the transition process. The programme framework for the region consists of several themes: democratization, governance and participation (including grass-roots participation and promotion of local non-governmental organizations), the environment, aid coordination and management, small and medium-scale enterprises, gender, poverty and sustainable human development.

146. The regional support programme for democracy, governance and participation covers both regional and country-specific activities and seeks (a) to strengthen democratic institutions and processes; (b) to enhance governance; and (c) to increase people's participation and strengthen the role of civil society in development.

147. In the area of democracy building, UNDP focuses on support for the establishment and development of ombudsman-type institutions and independent judiciaries as well as support for the establishment of human rights protection institutions (for example, the Centre for Human Rights in Latvia, and ombudsman for the universities in Armenia and the Russian Federation). 12/ In addition, the programme includes a number of regional activities, meetings and workshops.

148. Efforts in management development, civil service reform and decentralization include support to national and local government administrations, improvement of financial auditing and control at all levels, capacity-building in the areas of foreign investment promotion and negotiation, support for the development of participatory approaches to environmental management and technical assistance to develop Governments' capacities in the area of informatics.

149. In the area of the environment, three regional water-related environmental projects are being implemented in the region. 13/ In addition, the Regional Bureau has a regional project on strengthening radiation and nuclear safety which addresses the energy sector in conjunction with environmental protection. In the Russian Federation, the Murmansk region - Barents Sea sustainable development project is being implemented with funding from Capacity 21. ECE is executing a regional project on energy demonstration zones with regional programme funding from UNDP.

150. UNDP is supporting the development of small and medium-sized enterprises through an integrated approach covering policy, public awareness and the establishment of business support centres which aim at providing entrepreneurs with a large range of support.

151. In 1994, UNDP initiated the establishment of gender in development units in all countries of the region. With the support of these units, UNDP launched an intensive effort to prepare the Governments and the non-governmental organizations in the region for their active and full participation in the Fourth World Conference on Women, held in Beijing in 1995, as well as in the

parallel meeting of non-governmental organizations. The Regional Bureau is currently preparing a peace negotiation workshop to address women's role and potential capacity in preventive diplomacy and conflict management.

152. Another regional initiative is the preparation and publication of national human development reports in 22 countries of the region. The aim of this initiative was to assess the cost of the transition to market-oriented economies, not only in terms of economic efficiency but, more importantly, in terms of its impact on human development in these countries.

153. A major regional project covering 26 countries in eastern Europe and CIS was launched in 1995 and executed by ECE to assist national statistical offices in developing the human resources necessary for building self-sustainable capabilities for the collection, processing and analysis of reliable social and demographic statistics, and enabling the appropriate governmental institutions and agencies of these countries to monitor the social aspects of development. The projects will also serve to enhance the quality of the national human development reports.

United Nations Educational, Scientific and Cultural Organization

154. The activities of UNESCO in the countries in transition focus on the following themes: education, sciences, culture, communication, information and informatics. As there is a general commitment by most of the central and eastern European countries to integrate their educational reforms into a European and wider international context, in recent years UNESCO has undertaken a series of activities aimed at extending the exchange of experience and information, as well as joint analyses and consultations in the field of educational policy and reform elaboration, including consultations on multilateral assistance programmes, in countries such as Albania, Belarus, Georgia and the former Yugoslav Republic of Macedonia. The UNESCO European Centre for Higher Education in Bucharest is a direct participant in the process of transition through its work on such items as quality assurance and accreditation, the recognition of higher education qualifications; the International Institute for Educational Planning, in Paris, among other tasks, is working on reinforcing national capacities in policy planning and management and evaluation of education.

155. In the framework of the International Project on Technical and Vocational Education, and in collaboration with other United Nations specialized agencies such as ILO, UNESCO is assisting the central and eastern European countries in reforming the system of vocational education in order to adjust it to the needs of a market economy. The UNESCO office in Venice, Italy, assists the scientific communities in the countries of transition of central and eastern Europe in introducing democratic methods in the decision-making process and management of science in the course of their transition to market economies. Its project on the transformation of scientific communities in Europe has a series of major components: science and technology policy, intellectual migration, peer review in science and technology, organizational structures of science, research and innovation management.

156. The main objectives of the UNESCO University - Industry - Science Partnership Programme are of special interest to central and eastern Europe, as they include a new approach to the adaptation of university engineering education to industrial needs, the transfer of research results to industry, and assistance to these member States in creating or strengthening cooperation in the university, industry and science. In 1995, an international conference of university and industry leaders was organized in Poland. UNESCO is providing assistance to a centre of excellence in Georgia (the International Energy Centre), involved in solar architecture and development activities in rural areas.

157. Recognizing the urgency of addressing and resolving the problems of the transition process, several international conferences have been organized, on such themes as "Financing culture in the period of transition to a market economy" (Mongolia, 1994) and "Financing privatization in culture" (Bulgaria, 1995).

158. Two flagship projects in the Russian Federation, the Hermitage/UNESCO project and the Bolshoi/UNESCO project, are particularly concerned with new patterns of management, marketing, public relations and fund-raising. The broadest long-term objective of the UNESCO Programme on Management of Social Transformations is to improve the interaction between social science research and the users: policy makers, the media, non-governmental organizations, civil society, the private sector, and so on. UNESCO was entrusted with the execution of several UNDP projects in Albania, Azerbaijan, Bosnia and Herzegovina, Kyrgyzstan and Uzbekistan, on such issues as strengthening management and planning capacity in the education sector and sustainable development.

United Nations Population Fund

159. For several years, especially since 1992, UNFPA has collaborated with the Governments of the countries in transition to strengthen national expertise and institutional capabilities for the formulation, planning, implementation and management of their own national population and development policies and programmes. This is expected to enhance their capability for improving the quality of life of their people and to help in bringing their economies into line with international standards and the world economy.

160. Assistance has been provided to these Governments to undertake country- and regional-level studies on population and related issues, such as ageing, migration, fertility and family survival. This has been complemented with training in the collection, processing and analysis of population data. UNFPA has undertaken activities to raise awareness among Governments of the benefits of providing quality reproductive health services, including family planning and sexual health, to all eligible members of their population.

161. By organizing meetings, workshops and conferences, UNFPA has promoted opportunities for the concerned Governments to interact and share experience not only with representatives of other countries in transition but also with representatives of countries that are relatively more advanced in the population and development field. This has enhanced the cooperation among countries with economies in transition and between these countries and developing countries.

UNFPA has supported the Governments in their participation in a number of conferences and workshops, such as the International Conference on Population and Development (Cairo, 1994) and the joint ECO/UNFPA conference on implementation of the Programme of Action of the International Conference on Population and Development in the ECO region (Almaty, 1996).

162. UNFPA has also supported the creation by these Governments of a periodical newsletter on reproductive health, published in five languages, which has contributed to the improvement of the technical expertise of health service providers.

United Nations Children's Fund

163. The activities of UNICEF in countries with economies in transition are in the following main areas: (a) adoption of international standards and practices of countries with market economies; (b) analytical activities and policy advice; and (c) enhancing economic cooperation among countries with economies in transition. UNICEF is promoting the introduction of WHO treatment protocols and immunization schedules for major child diseases. Standards of certification of major vaccines are also promoted, since many of the locally produced vaccines and "cold chain" storage equipment have never met international quality standards.

164. In cooperation with the World Bank, UNICEF has developed the International Child Development Centre of the regional system and database for the monitoring of social conditions in economies in transition of central and eastern Europe and CIS. UNICEF also analyses the situation of the state of children and mothers in individual economies in transition and the development of relevant country programmes in individual areas of child development, survival and protection.

165. In accordance with the decisions of the World Summit for Children, UNICEF has developed national programmes of action, covering all major areas of child well-being and development, and introduced innovative and low-cost social technologies in child health, water supply, sanitation and other sectors. It is also active in promoting (in cooperation with the World Bank and WHO) health reform and the introduction of medical insurance systems.

166. In an effort to enhance economic and technical cooperation among countries with economies in transition, UNICEF developed the Vaccine Independence Initiative aiming at the gradual shift of some economies in transition of Central Asia and Kazakstan to self-provision and/or local production of major vaccines now being imported by these countries. UNICEF has also implemented projects of subregional cooperation in the production and application of some pharmaceuticals (iodized salt, oral rehydration salts, etc.) which are critical for child health and survival.

United Nations Industrial Development Organization

167. Of the seven thematic priorities of UNIDO, five are directly relevant to the economies in transition: industrial strategy and policy advice; environment and energy; small and medium enterprises; innovation productivity and quality

for international competitiveness; and industrial information, investment and technology promotion.

168. In its work on industrial strategy and policy advice in the economies in transition, UNIDO has recognized the importance of advising on the need for national economies to achieve synergy among all parties involved in industrial policy and decision-making.

169. The economies in transition in eastern Europe and Central Asia will be the focus of several industrial strategy and policy projects as well as industrial economics seminars that are currently in the pipeline or in an advanced stage of preparation.

170. UNIDO offers technical and economic expertise in the fields of ecological sustainable industrial development. The majority of UNIDO programmes and operational activities are targeted at enhancing the role of competitive small and medium-sized enterprises.

171. Every year training workshops are held in several countries in the region with the participation of developing countries, and study tours are organized, all with the objective of bringing these countries from different parts of the world closer together through shared experience.

172. Global integration can also be fostered by activities in the area of industrial information, investment and technology promotion. Examples of UNIDO projects are: assistance to the Georgian Institute for Scientific and Technical Information, and an investment forum for Ukraine in 1996.

173. The promotion of technology flows to and between developing countries and accompanying efforts to bring about enterprise-level technology partnerships are essential for fostering global integration, and the experience of UNIDO gained in developing countries is being transferred to the region (for example, Slovakia).

United Nations Institute for Training and Research

174. UNITAR has been focusing its activities on the immediate training needs of economies in transition, including Azerbaijan, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, as well as Mongolia and Viet Nam. UNITAR has implemented several training programmes on the legal aspects of debt, and economic and financial management, such as the workshop on small-scale privatization in Turkmenistan (Ashgabat, February 1996) and the survey of training needs in Baku, March 1996.

United Nations University

175. UNU has undertaken a number of research projects at its research and training centres: the UNU Institute for New Technologies in Maastricht, the Netherlands; and the UNU World Institute for Development Economic Research in Helsinki. The projects have dealt with many issues including social development and technology. The projects on technology provide a coherent analytical framework for dealing with key issues in technology policy, such as the role of

foreign industrial technology transfers in the economies in transition, and include "The transfer of environmentally sound technology in industrial transformation in eastern Europe: A case study - Poland" and "The synthesis project".

176. Other projects, such as that on the evolving new market economies in Europe and Asia, analysed in a comparative perspective the sources and consequences of the successes and failures experienced by the evolving new economies in Europe and Asia in the first stage of the transformation process, focusing on the external, regional and global implications of the internal changes in these countries. This project dealt with China, the Czech Republic, Finland, Hungary, India, Kazakstan, Poland, the Russian Federation, Slovenia, Uzbekistan, Viet Nam, the former German Democratic Republic and the Baltic States.

177. In the area of social development, UNU has undertaken such projects as "Global restructuring and women workers in industrializing and transitional economies", "Social determinants and consequences of transition to the new market economies in the 1990s: employment, poverty, equity, demographic development and gender issues", and "Economic shocks, social stress and demographic impact".

Universal Postal Union

178. UPU has undertaken several measures to assist countries with economies in transition. In January 1996, it created the post of regional adviser for the region comprising all the countries in transition. On the strength of his knowledge of the postal situation of each country in the zone, the regional adviser can provide the full support of UPU in the field and facilitate the financing of postal investments by third-party organizations or countries.

179. Another way in which UPU is strengthening the postal services of these countries is through postal reform, the quality of service actions and the establishment of multi-year integrated projects to assist economic development and stimulate international trade.

180. UPU also organizes technical meetings and conferences to facilitate the transfer of postal know-how between Western countries and countries with economies in transition.

181. In addition to its activities in the areas of postal development and technical cooperation, UPU promotes greater participation in the world economy by countries with economies in transition and developing countries through its payment systems for transit and delivery of mail.

Notes

1/ For a comparison of targets and results of the early stabilization programmes, see Economic Commission for Europe, Economic Survey of Europe in 1991-1992 (United Nations publication, Sales No. E.92.II.1), chap. 3, table 3.1.1. See also D. M. Nuti and R. Portes, "Central Europe: the way forward", in R. Portes, ed., Economic Transformation in Central Europe: A

Progress Report (London, Office for Official Publications of the European Communities, 1994) pp. 1-20.

2/ See Economic Commission for Europe, Economic Survey of Europe in 1995-1996 (United Nations publication, Sales No. E.92.II.1).

3/ These high growth rates of the value of trade reflect, to a substantial degree, the depreciation of the dollar against the other hard currencies and the increase in world commodity prices.

4/ A reflection of the Hungarian austerity measures, including a currency devaluation and an 8 per cent import tariff surcharge, introduced in March 1995.

5/ This last sentence is still being negotiated in the sense that such a strategy should not detract from the problems faced by developing countries.

6/ The volume and complexity of the technical assistance component have risen dramatically in recent years. In fiscal year 1994/95 (May/April), IMF resources allocated to technical assistance in the economies in transition represented around 200 person-years, or around one third of the total technical assistance provided by the Fund to all its members.

7/ In 1995, a major project on international economic comparative research was undertaken on the role of agriculture in economic transition, in cooperation with the World Bank.

8/ IAEA provided technical assistance to the following countries in transition: Armenia, Belarus, Estonia, Georgia, Kazakstan, Latvia, Lithuania, the Russian Federation, Ukraine, Uzbekistan (member States), as well as Azerbaijan, Kyrgyzstan, Moldova, Tajikistan and Turkmenistan (non-member States).

9/ The five projects represent a total cost of about US$ 155 million, of which IFAD provides loans of about US$ 40 million and grants of about US$ 1 million, co-financing institutions and donors US$ 104 million and Governments and project beneficiaries US$ 10 million.

10/ By 1999, IFAD expects to have approved about 15 loans, worth more than US$ 150 million, in support of rural and agricultural development projects in the region.

11/ The resources with which UNDP has undertaken its efforts in the region are modest. However, these resources have been, and continue to be, supplemented by other sources of funding. The Executive Board of UNDP has earmarked US$ 5 million for programmes in Bosnia and Herzegovina in 1996.

12/ In the area of democracy building, UNDP is supporting Armenia, Belarus, Latvia, Lithuania, Moldova, Kyrgyzstan, the Russian Federation, Ukraine and Uzbekistan. The programme also includes support to the electoral processes in Azerbaijan and Kyrgyzstan.

13/ These projects are: "Environmental management of the Danube River basin", "Environmental management and protection of the Black Sea", and "Aral Sea capacity development programme".

Table 1

Economic activity in the European countries in transition, 1992-1996

(Percentage change over same period of preceding year)

	GDP or NMP a/					Gross industrial output			
	1992	1993	1994	1995	1996 Forecast	1992	1993	1994	1995
Albania	-9.7	11.0	7.4	13.4	..	-60.0	-10.0	-18.6	-7.2
Bosnia and Herzegovina	..	..	..	..	..	-28.4	-33.3	-25.0	..
Bulgaria	-7.3	-1.5	1.8	2.5	3.0	-15.9	-10.9	8.5	4.6 b/
Croatia	-9.7	-3.7	0.8	-1.5	6-8	-14.6	-5.9	-2.7	0.3
Czech Republic	-6.4	-0.9	2.6	4.8	5-6	-7.9	-5.3	2.1	9.2
Hungary	-3.0	-0.8	2.9	2.0	2.0	-9.7	4.0	9.2	4.8
Poland	2.6	3.8	5.2	7.0	6.0	3.9	6.4	11.9	9.4
Romania	-8.8	1.5	3.9	6.9	4.5	-21.9	1.3	3.3	9.4
Slovakia	-6.5	-3.7	4.9	7.4 c/	5.6	-14.1	-10.6	6.4	8.3
Slovenia	-5.4	1.3	5.3	4.8	5.0	-13.2	-2.8	6.4	2.0
The former Yugoslav Republic of Macedonia d/	-13.3	-14.2	-7.2	-2.9	2.0	-15.6	-13.8	-10.7	-10.7
Yugoslavia d/	-26.6	-27.7	6.5	6.0	12.5	-21.4	-37.3	1.2	3.8
Eastern Europe	-6.0	-1.2	4.1	5.6	6.0	-11.8	-2.7	6.6	7.3
CETE-4	-1.2	2.0	4.3	5.8	..	-3.8	3.1	8.8	8.8
SETE-8	-7.0	-0.3	2.9	4.4	..	-15.8	-4.1	3.2	6.9
Armenia	-52.3	-14.6	5.5	6.9	..	-48.2	-10.3	6.9	2.4
Azerbaijan	-22.6	-23.1	-21.8	-17.3	..	-23.7	-7.0	-22.7	-21.4
Belarus	-9.6	-10.6	-12.6	-10.0	..	-9.4	-7.4	-17.1	-11.5
Georgia	-40.3	-39.4	-30.0	2.4	..	-45.8	-26.6	-39.7	-9.8
Kazakstan	-13.0	-12.9	-25.5	-8.9	..	-13.8	-14.8	-28.1	-7.9
Kyrgyzstan	-13.9	-15.5	-20.1	-6.2	..	-26.4	-25.3	-28.0	-12.5
Republic of Moldova	-29.1	-1.2	-31.2	-3.0	7.7	-27.1	0.3	-27.7	-6.0
Russian Federation	-14.5	-8.7	-12.6	-4.0	-3.0	-18.0	-14.1	-20.9	-3.0
Tajikistan	-31.0	-17.3	-12.7	-12.4	..	-24.2	-7.8	-30.8	-5.1

	GDP or NMP a/					Gross industrial output			
	1992	1993	1994	1995	1996 Forecast	1992	1993	1994	1995
Turkmenistan e/	35.7	10.0	-18.0	-16.0	..	-14.9	4.0	-25.0	-6.9
Ukraine	-13.7	-14.2	-23.0	-11.8	-0.5	-6.4	-8.0	-27.3	-11.5
Uzbekistan	-11.0	-2.4	-3.5	-1.2	..	-6.7	3.6	1.6	0.2
CIS	-15.2	-10.0	-14.8	-5.5	..	-16.8	-12.1	-21.4	-5.0
Estonia	-14.1	-8.5	-2.7	2.5	..	-38.9	-29.1	-5.3	1.4
Latvia	-34.9	-14.9	0.6	-1.6	0.3	-34.6	-32.3	-6.8	-6.5
Lithuania	-39.3	-30.4	0.9	0.6	4.2	-30.0	-34.5	-28.0	6.2
Baltic States	-33.7	-20.5	-0.1	0.2	..	-33.6	-32.6	-15.7	0.2
Total economies in transition	-13.6	-7.9	-8.7	-1.5	..	-16.1	-10.1	-12.8	-0.3
Ex-GDR Länder	7.8	7.2	8.5	6.3	5.0	-6.1	6.0	13.9	7.1

Source: United Nations Economic Commission for Europe, Economic Survey of Europe in 1995-1996 (United Nations publication, Sales No. 96.II.E.1), with updating by the ECE secretariat. Aggregates for eastern Europe, the Baltic States and total countries in transition are ECE secretariat computations based on 1992 weights and some estimates for missing components. Forecasts for 1996 are those of national conjunctural institutes or, if these are not available, government forecasts associated with the budget formulation.

Note: Aggregates are: Eastern Europe (the 12 countries above that line), with sub-aggregates CETE-4 ("central European transition economies": Czech Republic, Hungary, Poland, Slovakia) and SETE-8 ("south European transition economies": Albania, Bulgaria, Romania, and the five Yugoslav successor States); CIS (12 member countries of the Commonwealth of Independent States); Baltic States (Estonia, Latvia, Lithuania); and total countries in transition.

a/ Gross domestic product, unless otherwise noted.

b/ Industrial output, January-December 1995 in Bulgaria includes estimates for the private sector, whereas the other quarterly figures cover state and cooperative enterprises only (full-year growth, 1.9 per cent).

c/ Gross material product (value added of the material sphere, including depreciation).

d/ January-September.

e/ Net material product (produced).

Table 2

Changes in foreign trade values and trade balances by partner region in economies in transition, 1993-1995

(Growth rates in percentage, trade balances in billions of dollars)

Country and trade partner groups b/	Growth rates a/ Exports 1993	Exports 1994	Exports 1995	Imports 1993	Imports 1994	Imports 1995	Trade balances 1993	Trade balances 1994	Trade balances 1995
Bulgaria									
World	-8.7	5.8	29.9	-3.4	-21.7	18.2	-1.4	-	0.1
Economies in transition	-13.6	12.4	3.5	11.7	-41.7	15.4	-0.7	0.4	-0.4
Developed market economies	-10.4	33.1	24.4	-5.9	-15.3	18.4	-0.9	-0.1	-
Developing countries	3.0	-42.6	124.4	-27.2	14.0	26.1	0.2	0.3	0.5
Croatia									
World	-6.1	9.1	8.7	13.5	12.1	43.6	-0.8	-1.0	-2.9
Economies in transition	-11.8	2.5	10.4	-16.6	-9.5	36.9	-	-0.2	-0.1
Developed market economies	-7.0	13.4	4.9	18.2	19.2	48.3	-0.5	-0.8	-2.4
Developing countries	20.5	1.9	51.0	22.8	27.4	28.1	-0.2	-0.3	-0.4
Czech Republic									
World	15.5	8.3	19.2	0.5	14.6	39.5	-0.3	-0.7	-3.8
Economies in transition	-0.6	11.4	28.1	-14.2	8.3	48.2	-0.1	-	-0.5
Slovakia	..	-17.9	18.0	..	-7.0	28.7	0.6	0.2	-
Developed market economies	19.5	19.6	19.7	5.2	21.7	40.6	-0.6	-1.1	-3.3
Developing countries	24.2	-3.9	-2.0	6.5	24.1	29.8	0.5	0.2	-

Country and trade partner groups b/	Growth rates a/ Exports 1993	Exports 1994	Exports 1995	Imports 1993	Imports 1994	Imports 1995	Trade balances 1993	Trade balances 1994	Trade balances 1995
Hungary									
World	-16.5	20.4	20.2	13.7	15.6	6.3	-3.7	-3.9	-2.6
Economies in transition	-5.6	5.6	26.7	34.7	-7.5	6.5	-1.4	-1.0	-0.6
Developed market economies .	-20.9	29.7	15.9	5.9	25.5	6.0	-2.2	-2.6	-2.0
Developing countries	-11.4	-12.1	52.4	15.3	25.0	8.5	-	-0.3	-0.1
Poland									
World	7.8	21.6	32.8	16.3	15.2	34.7	-4.6	-4.3	-6.1
Economies in transition	-8.9	25.6	54.4	-4.5	22.3	44.6	-0.8	-0.9	-1.0
Developed market economies .	12.6	22.0	32.2	22.4	13.5	33.3	-3.6	-3.2	-4.4
Developing countries	2.1	13.0	0.7	10.3	17.2	27.7	-0.1	-0.2	-0.7
Romania									
World	12.1	25.7	22.2	4.2	9.0	32.4	-1.6	-1.0	-1.9
Economies in transition	-9.1	-3.5	-8.5	-13.1	15.1	27.5	-0.3	-0.6	-1.2
Developed market economies .	28.2	44.6	30.6	18.9	15.2	29.7	-1.4	-0.9	-1.0
Developing countries	10.4	18.3	26.4	-7.2	-15.8	50.6	0.1	0.5	0.4
Slovakia									
World	-18.7	23.5	27.8	5.7	4.2	28.5	-0.8	0.1	0.1
Economies in transition	25.3	14.6	39.2	-2.5	0.2	27.1	-0.7	-0.5	-0.5
Czech Republic		8.1	20.5	..	-14.0	19.3	-	0.6	0.7
Developed market economies .	-17.9	50.0	33.2	0.7	25.9	33.9	-0.3	-	-
Developing countries	-8.9	19.7	6.6	93.2	17.7	47.0	0.1	0.1	-

Country and trade partner groups b/	Growth rates a/ Exports 1993	Exports 1994	Exports 1995	Imports 1993	Imports 1994	Imports 1995	Trade balances 1993	Trade balances 1994	Trade balances 1995
Slovenia									
World	-0.9	11.9	21.4	17.7	11.5	29.4	-0.7	-0.4	-1.2
Economies in transition	28.6	5.7	18.2	1.6	-2.6	30.0	0.3	0.4	0.4
Developed market economies .	-5.0	16.1	22.5	15.4	17.6	29.2	-0.5	-0.7	-1.3
Developing countries	13.7	-15.5	21.1	96.7	-11.5	30.3	-0.2	-0.2	-0.2
Eastern Europe, to and from:									
World	-0.1	16.4	24.0	10.4	9.9	29.0	-12.9	-11.5	-18.4
Economies in transition	-7.3	5.2	23.7	4.0	-1.6	28.2	-3.0	-1.9	-3.3
Developed market economies .	1.2	24.5	23.9	12.9	16.6	29.3	-10.2	-9.4	-14.5
Developing countries	5.6	2.6	25.1	8.6	0.1	29.6	0.3	-0.3	-0.6
Baltic States, c/ to and from:									
World	44.3	13.2	35.2	75.0	28.1	39.0	-0.3	-0.9	-1.4
Economies in transition	43.6	-1.3	18.5	73.2	1.6	18.6	-	-	-
Developed market economies .	39.7	47.6	59.5	76.9	75.2	63.0	-0.2	-0.8	-1.4
Developing countries	114.9	-19.1	19.9	81.2	0.1	-24.0	-0.1	-0.1	-
Russian Federation, to and from:									
World	4.5	8.4	29.5	-27.5	5.2	17.0	17.5	20.9	30.6
Economies in transition	-10.6	-14.9	36.8	-32.3	-15.8	16.7	5.7	5.4	8.5
Developed market economies .	7.6	21.7	17.9	-29.6	20.2	15.8	10.2	12.8	15.5
Developing countries	11.2	0.4	83.2	-10.3	-4.5	25.0	1.6	2.6	6.5
Other CIS countries, to and from:									
World	-14.8	15.8	40.3	25.5	30.2	24.1	2.1	1.5	3.5

(Source and footnotes on following page

Source: United Nations Economic Commission for Europe, Economic Survey of Europe in 1995-1996 (United Nations publication, Sales No. 96.II.E.1), with updating by the ECE secretariat.

a/ Growth rates are calculated on values expressed in dollars. Values for 1994 and growth rates for 1994 and 1995 include the "new" foreign trade (trade among successor States of the former Czechoslovakia and Yugoslavia), but growth rates for 1993 were calculated on values excluding this trade, usually for lack of reliable data for the base period. Data for the Russian Federation exclude intra-CIS trade and are not adjusted for non-registered trade flows.

b/ "Eastern Europe" refers to Albania, Bulgaria, Croatia, Czechoslovakia (through 1992) or the Czech Republic and Slovakia (from 1993), Hungary, Poland, Romania and Slovenia. For lack of adequate data, the trade of Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia (Serbia and Montenegro) are not covered. The partner country grouping follows the practice prevalent until recently in the national statistical sources, which differs from the breakdown usually employed in United Nations publications. Thus, "economies in transition", which covers the ex-socialist trade partners, includes Cuba and former Yugoslavia, in addition to the eastern European countries, the former Soviet Union and the Asian centrally planned economies. "Developed market economies" excludes Turkey and includes Australia, New Zealand and South Africa.

c/ Growth rates for 1993 are distorted by valuation problems regarding the dollar value of the Baltic States trade in 1992, a significant part of which in the first half of the year was still conducted in rouble terms and at prices deviating from world market levels.

Table 3

Net capital flows into eastern Europe, the Russian Federation and the Baltic States, by type of capital, 1990-1995

(Billions of dollars)

	Eastern Europe a/						Baltic States			
	1990	1991	1992	1993	1994	1995	1992	1993	1994	1995 b/
Capital account	-2.3	3.5	2.7	12.9	10.8	28.9	0.1	0.6	0.9	1.0
Capital account c/	-2.1	4.1	2.1	13.5	10.6	31.2	0.1	0.5	0.4	–
of which:										
Foreign direct invesment	0.4	2.3	3.1	4.5	3.2	9.1	..	0.2	0.5	0.4
Portfolio	0.9	1.2	1.0	4.6	3.6	4.7	–	–	–	–
Medium-, long-term funds	-0.1	-0.8	-0.1	2.1	4.3	6.1	..	0.4	0.4	0.6
IMF loans	0.4	3.7	0.7	–	–	-2.8	–	–	0.1	0.1
Short-term funds	-4.1	-2.8	-1.9	1.2	0.2	2.7	–	–	–	0.1
Other short-term capital d/	–	–	–	–	2.4	9.4	–	–	–	–
Errors and omissions	0.1	0.6	-0.6	0.7	-0.4	2.3	–	-0.2	-0.5	-1.0
	Russian Federation									
Capital account e/	8.6	5.2	4.0	0.5	-5.9	..	..	..	..	..
Capital account c/, e/	9.2	5.6	-1.9	-5.8	-6.1	..	..	..	..	..

Source: United Nations Economic Commission for Europe, Economic Survey of Europe in 1995-1996 (United Nations publication, Sales No. 96.II.E.1), with updating by the ECE secretariat.

a/ Albania, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.

b/ January-September.

c/ Including errors and omissions.

d/ As reported in Poland's balance of payments, comprising chiefly net receipts from cross-border trade.

e/ Excluding transactions with CIS.

Table 4

Lending to borrowers in Europe/Central Asian region by sector

(Millions of United States dollars)

Sector	Fiscal year					
	1987-1991	1992	1993	1994	1995	1996
Agriculture	210.6	155.0	525.4	582.9	202.0	185.8
Education	89.3			59.6	40.0	5.0
Electrical power and other energy	285.4	516.0	93.0	164.8	191.7	325.4
Environment	3.6				123.0	30.1
Finance	351.7		55.0	280.0	232.0	638.9
Industry	214.9			375.0		
Mining and other extractive						540.8
Multisector	323.4	691.1	1 245.0	566.3	2 000.0	489.0
Oil and gas	108.0		610.0	691.3	226.3	10.0
Population, health and nutrition	15.0	280.0	91.0		220.4	350.4
Public sector management	20.0	269.2	335.0	210.0	70.9	505.6
Social sector	20.0		67.0	10.9	127.5	12.0
Telecommunications/informatics	68.0		30.0	153.0		
Transport	265.6		378.0	352.0	486.0	868.0
Urban development	24.0	200.0	285.0	171.0	418.0	44.3
Water supply and sanitation	123.0	32.0	129.5	109.6	161.0	221.5
Total	2 131.6	2 143.3	3 843.9	3 726.4	4 498.8	4 226.8
of which: World Bank	2 131.6	2 102.2	3 739.5	3 533.3	3 953.8	3 750.4
International Development Association		41.1	104.4	193.1	545.0	476.4